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TO THE SHAREHOLDERS:

In the first six months of 1975, Revelstoke had sales of \$37,074,000 compared to \$33,409,000 for the same period last year. Net earnings in the first half of 1975 amounted to \$526,000 or \$.24 per common share in comparison to \$628,000 or \$.30 per common share in 1974. On an annualized basis, earnings per share for the 12 months ended June 30, 1975 amounted to \$ 1.15 in comparison to \$1.33 for the 12 month period ended June 30, 1974.

During the first six months of this year, the Retail Division experienced an increase in sales and profits in its stores throughout the Prairie Provinces but a number of the Company's stores in British Columbia were adversely affected by the poor business conditions which existed in that Province for the first half of the year. Since the beginning of 1975 the Company opened home improvement and building supply centres in Edmonton, Hardisty and Innisfail, Alberta and in Virden, Manitoba.

Revelstoke's Concrete Division achieved a considerable increase in both sales and profits during the first six months of 1975 in comparison to 1974. On the other hand, the Company's Lumber Division experienced a reduced level of sales and significantly higher losses in the six month period ending June 30, 1975 compared to the similar period last year.

On July 31, 1975, Revelstoke completed a private placement debt financing for \$7,300,000 consisting of \$6,300,000 15 year 11-5/8% sinking fund debentures and \$1,000,000 5 year 10% serial debentures. The proceeds will be used to repay existing term bank borrowings and to reduce the Company's short-term indebtedness. This financing will thereby improve Revelstoke's working capital position and enable the Company to continue its expansion through both internal growth and acquisitions.

On August 21, the Directors of the Company declared a semi annual dividend of \$.10 per common share payable on October 1, 1975 to all shareholders of record on September 12, 1975. This brings the total dividends paid in 1975 to \$.20 per common share which is equal to the amount of dividends paid in 1974.

Management anticipates that both the Retail and Concrete Divisions will achieve record levels of sales and earnings for the remainder of 1975. At the same time, the losses in the Lumber Division during the second half of 1975 should be less than those experienced in 1974. Therefore the outlook for the Company attaining a higher level of overall earnings in 1975 compared to 1974 is reasonably good especially in view of the continued buoyant economic conditions in the Prairie Provinces.

Steele Curry

STEELE CURRY
President

August 21, 1975

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**REVELSTOKE
COMPANIES LTD.**



**INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS
ENDED JUNE 30, 1975**

PETER JAMES

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REVELSTOKE COMPANIES LTD.
CONSOLIDATED STATEMENT OF EARNINGS
[Subject to Audit & Year End Adjustments]

	(000's omitted)			
	Six Months Ended		Twelve Months Ended	
	June 30		June 30	
	1975	1974	1975	1974
Sales — Retail Division	\$28,018	\$24,199	\$62,801	\$48,717
— Concrete Division	6,780	5,121	16,405	11,599
— Lumber Division	3,712	5,522	7,445	12,639
Less Inter Company	(1,436)	(1,433)	(2,643)	(2,881)
Total	<u>37,074</u>	<u>33,409</u>	<u>84,008</u>	<u>70,074</u>
Costs and Expenses				
Cost of Sales, Selling, General				
and Administration	34,504	30,666	76,266	62,159
Depreciation and Depletion	662	703	1,474	1,417
Interest				
(Long Term: 1975-\$182; \$335				
1974-\$213; \$365)	900	886	2,146	1,597
	<u>36,066</u>	<u>32,255</u>	<u>79,886</u>	<u>65,173</u>
	1,008	1,154	4,122	4,901
Gain on Disposal of Fixed Assets	44	76	543	164
	<u>1,052</u>	<u>1,230</u>	<u>4,665</u>	<u>5,065</u>
Income Taxes	521	598	2,308	2,465
Earnings before Minority Interest	531	632	2,357	2,600
Minority Interest	5	4	24	15
Net Earnings for the Period	<u>\$ 526</u>	<u>\$ 628</u>	<u>\$ 2,333</u>	<u>\$ 2,585</u>
Earnings Per Share				
Basic	\$.24	\$.30	\$ 1.15	\$ 1.33
Diluted	\$.24	\$.29	\$ 1.14	\$ 1.29

REVELSTOKE COMPANIES LTD.
CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITION
For the Six Months Ended June 30

	1975	1974
SOURCE OF FUNDS:		
Net Earnings for the Period	\$ 526,055	\$ 628,208
Depreciation and Depletion	662,279	703,022
Deferred Tax	149,468	75,458
Gain on Disposal of Fixed Assets	(44,115)	(75,811)
Other	5,063	3,830
Funds from Operations	<u>1,298,750</u>	<u>1,334,707</u>
Proceeds on Disposal of Fixed Assets	66,339	137,034
	<u>1,365,089</u>	<u>1,471,741</u>
APPLICATION OF FUNDS:		
Fixed Assets	428,899	672,234
Purchase of Preference Shares	18,000	31,200
Dividends	254,455	255,110
	<u>701,354</u>	<u>958,544</u>
Increase in Working Capital	663,735	513,197
Working Capital at Beginning of Period	10,130,895	10,048,005
Working Capital at End of Period	<u>\$10,794,630</u>	<u>\$10,561,202</u>